

Business Update

2004 Tax Rate Schedules

The Tax Rate Schedule has moved from Schedule B to Schedule C. Rates for 2003 were determined by Schedule B and had rates ranging from 0.57 percent to 5.40 percent. Rates for 2004 have been determined by Schedule C, and range from 0.97 percent to 5.40 percent of taxable wages.

The State Unemployment Insurance Trust Fund shrank 24 percent between September 2002 and September 2003 thereby triggering this tax rate schedule change. The first tax payments using the new rates are due April 30, 2004.

Taxable Wage Base Increased to \$30,200

The amount of worker wages that is taxed will also increase under state law. Employers will pay unemployment taxes on the first \$30,200 of a worker's wages in 2004.

Major Law Changes from the State Legislature

The passage of Second Engrossed Senate Bill 6097 enacted the most comprehensive changes to unemployment insurance law since the inception of Experience Rating! The changes affect both benefits and taxes and have varied effective dates ranging from June 20, 2003 to 2007. A comprehensive listing of the changes to tax law were mailed with your tax rate notices early in December and a comprehensive listing of the changes to benefits will be mailed with benefit charge statements in mid-January. These legislative changes were supported by the business organizations of Washington State. Visit our Website at www.wa.gov/esd/ui/6097info.htm for a comprehensive listing of all of the changes. Those changes effective with this reporting period include:

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Unemployment Insurance Labor Law Poster is Free for Employers

A company that sells government labor law posters e-mailed businesses in November indicating that Washington had just revised its Unemployment Insurance labor law poster and that employers are required to replace their existing posters. "That's not accurate," said Jim Schodt, of UI Tax Administration. "In fact, the Unemployment Insurance poster was last updated in July and a newer version with minor changes will be released in January." Labor law posters are available for free from the government agencies that issue them. The Unemployment Insurance poster is available online in English at <http://www.wa.gov/esd/ui/uiforms/9874.pdf> and in Spanish at <http://www.wa.gov/esd/ui/uiforms/9874-s.pdf>. Employers can also contact their local District Tax Office or Central Office at (360) 902-9360 to request posters.

Up Coming Job Search Monitoring Changes for UI Claimants

Effective January 4, 2004, your WorkSource Offices are taking steps to ensure that unemployment insurance claimants remain actively involved in looking for their next job.

Washington's Job Search Monitoring Program will expand through Section 10 of Second Engrossed Senate Bill 6097 to include Washington's interstate claimants. The expansion of Washington's Job Search Monitoring Program will require three employer contacts or participation of three in person job search activities or combination of both to total three each week claimed. If a claimant does not appear for the one week Job Search Review or the Job Search appears inadequate, the claimant is rescheduled for a review of their job search efforts for all weeks they were paid unemployment insurance. Claimants will be denied for any week where they failed to conduct a job search as required.

Our Department is in the process of

contracting with other states to perform Job Search Monitoring for Washington claimants residing in other states. Other states have the opportunity to partner with Washington to perform Job Search Monitoring and connect Washington claimants with reemployment services that are available in their states. Interstate claimants residing in states which decline contracting with Washington, will have their job search monitored initially through a paper process and this spring through an Interactive Voice Response System, both of which will be monitored from Employment Security Department's Central Office.

Research has found that job search monitoring techniques such as increasing the number of employer contacts, expanding job search monitoring and telling claimants their job search may be verified with employers are very effective in producing positive outcomes.

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December 2003

Visit us online at
www.wa.gov/esd/bizupdate

Online Articles

Local Events

- 1/28 - WorkSource Lewis County Apprenticeship Fair
- 3/4 - WorkSource Spokane Job Expo
- 3/12 - Pierce County Veterans Job Fair
- IRS - Small Business Workshops
- 2003 QFC Job Fair - WorkSource Everett

Learn about:



and



at

www.wa.gov/esd/uifasttax

District Tax Offices

Bellevue	(425) 649-4388
Bellingham	(360) 676-2070
Lynnwood	(425) 774-2380
Olympia	(360) 407-5145
Out of State	(360) 902-9620
Seattle North	(206) 706-3801
Seattle South	(206) 766-6300
Spokane	(509) 532-3090
Tacoma	(253) 593-7380
Tri-Cities	(509) 734-5880
Vancouver	(360) 735-5050
Wenatchee	(509) 662-0448
Yakima	(509) 574-0137

**Washington State
Employment Security**

Major Law Changes from the State Legislature
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Exempting Wages Paid to H2 Workers
Effective June 20, 2003

Currently, employers who have workers from other countries under the H2 program report and pay taxes on them.
What's New: Employers will no longer report wages or pay taxes on H2 workers.

Penalties for Untimely and Incomplete Filing
Effective June 20, 2003

Currently there is a \$10.00 late report fee.
What's New: If an employer fails to file in a timely and complete manner, a report required by RCW 50.12.070 or the rules adopted pursuant thereto, the employer shall be subject to a penalty not to exceed \$250.00 or 10% of the quarterly contributions for each offense, whichever is less. The Department is working to educate employers on this new law and will begin applying the penalties 2nd Quarter 2004.

Penalties for Misrepresenting the Amount of Payroll
Effective June 20, 2003

No previous penalty.
What's New: If the employer knowingly misrepresents to the Employment Security Department the amount of his/her payroll upon which contributions are based, the employer shall be liable to the State for up to 10 times the amount of the difference in contributions paid, if any, and the amount the employer should have paid and for the reasonable expenses of auditing his/her books and collecting those taxes.

Penalties for Evading Successorship Provisions
Effective June 20, 2003

No previous penalty.
What's New: If any part of a delinquency for which an assessment is made is due to an intent to evade the successorship provisions, the Commissioner shall assign to the employer, and to any business found to be promoting the evasion of such provision, the highest rate assigned qualified employers. This rate will be assigned for five consecutive quarters, beginning with the calendar quarter in which the intent to evade the provision is found.

Voluntary Contribution Changes
Effective June 20, 2003

Prior to the new law, employers qualified to participate in the Voluntary Contribution Program by having had an increase of at least six rate classes from the prior year. To participate in the program they had to buy down at least two rate classes by using only benefit charges from the two most recent fiscal years.
What's New: The employer must have had an increase of at least twelve rate classes and must buy down at least four rate classes using benefit charges from the two most recent fiscal years.

Elimination of Marginal Labor Force Attachment (MLFA)
Effective June 20, 2003

Prior to repeal, regular taxable base year employers could be partially or fully non-charged automatically for benefits paid a claimant. A claimant was determined to be MLFA if benefits payable for a quarter exceeded the amount of wages earned in Washington for the sum of the two previous corresponding calendar quarters.
What's New: MLFA has been repealed.

Denial of Benefits for Wage Garnishment
Effective June 20, 2003

RCW 50.20.045 allowed benefits when an employee was separated from employment due to wage garnishment.
What's New: This law has been repealed.

Eliminating “liberally construed” from Preamble
Effective June 20, 2003

Previous law included the words “liberally construe” in the Preamble.
What's New: The language has been deleted.

Changes effective January 2004 and forward will be highlighted in next quarter's Business Update. Again, visit our Website at www.wa.gov/esd/ui/6097info.htm for a comprehensive listing of all of the law changes.

Job Search Monitoring
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Some Job Search Logs are verified with employers. In addition, we are shortening the time from when the claimant applies for a job and when the employer is called to verify the contact. This should translate into an easier verification process for employers. For more information regarding Washington's Job Search Monitoring Program please contact Barbara Flaherty at (360) 902-9320 or by e-mail to bflaherty@esd.wa.gov.

Contractor Training Scheduled in February

The Department of Labor and Industries is conducting Contractor Training Day Feb. 9, 2004, at its building located at 7273 Linderson Way in Tumwater. This is an all day event with information for new and seasoned contractors. Participants will be able to set up their day to suit their business needs and interests, with training in safety, saving money on your claims

costs, public works contracting, recordkeeping, risk management, and marketing your business. Employment Security will have staff available to respond to employer-related questions. If you are interested in attending or would like additional information, contact Outreach Manager Shari Purves-Reiter at (360) 902-4733 or e-mail at purs235@lni.wa.gov.

<p>Report a Fraud Today! Know of a dishonest contractor, employer, worker, health care provider, or attorney?</p> <p>Report-a-fraud hotline: 1-888-811-5974</p> <p>Report-a-fraud website: www.lni.wa.gov/fraud/</p>	<div><p>List job openings. Search resumes. All at no cost. go2worksource.com</p></div>	<p>Quarterly UI Tax reports and payments are due January 31, 2004.</p> <p>Employment Security is an equal opportunity employer and provider of employment and training services. Auxiliary aids and services are available upon request to persons with disabilities.</p>
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